



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

July 3, 2002

CERTIFIED RETURN RECEIPT

7099 3400 0016 8895 5224

Ernie Ray Hale, President
Sierra Stone, Inc.
P.O. Box 48
Oakley Idaho 83346

Re: **Notice of Non-Compliance and Division Directive to Suspend Mining Activities,**
Sierra Stone Inc, Sierra Starlight Quarry, M/003/049, Box Elder County, Utah

Dear Mr. Hale:

This letter is sent to formally notify you that your Sierra Starlight Quarry (M/003/049) is not in compliance with sections of the Utah Mined Land Reclamation Act 40-8-1 et. seq. (Act) and the Minerals Reclamation Program Rules, sections R647-1 through R647-5.

On June 19, 2002, the Division conducted an inspection of the Sierra Starlight Quarry (inspection memo attached). During the inspection, it was observed that several portions of the operation were apparently not in compliance with the current Notice of Intention to Commence Small Mining operations, the Proposed Notice of Intention to Commence Large Mining Operations, the Utah Mined Land Reclamation Act, and the Minerals Rules.

Finding of Non-Compliance

1. The Sierra Starlight Quarry has exceeded five acres of surface disturbance before receiving Division approval of a Notice of Intention to Commence Large Mining Operations, as required by Title 40-8-13 of the Mined Land Reclamation Act and Minerals Rule R647-3-113.
2. Sierra Stone, Inc. has not posted a form and amount of reclamation surety acceptable to the Division as required under section 40-8-14 of the Act and Rule R647-4-113, before expanding operations beyond the five-acre small mine disturbance threshold.

3. Sierra Stone, Inc. exceeded five acres of surface disturbance after being advised it is a violation of the Act and Rules to do so without receiving prior approval for a large mining permit from the Division.
4. Sierra Stone, Inc. has expanded the disturbed area outside the proposed permit area onto lands that were not identified as part of the proposed large mining operations.
5. Deleterious materials (fuels) are not being stored in an approved manner.

Location of Non-Compliance

The areas of non-compliance associated with this operation are located in the Southeast 1/4 of the Northeast 1/4, and the Northeast 1/4 of the Southeast 1/4 of Section 21, and the South 1/2 of Section 22, Township 14 North, Range 17 West, SLBM, Box Elder County, Utah.

Mitigation Requirements

1. Sierra Stone, Inc. ***must submit an acceptable transitional reclamation surety*** to the Division in the amount of \$54,800.00 within thirty (30) days of your receipt of this Notice of Non-Compliance. This surety amount is based on the Division's transitional reclamation cost estimate of \$5,000 per acre, for the 10.95 acres of current disturbance which will require reclamation. Please contact Joelle Burns at (801) 538-5291 for the appropriate surety forms.
2. Sierra Stone, Inc. is hereby directed to ***immediately suspend all mining operations and removal of material*** from the Sierra Starlight Quarry until the reclamation surety is received and formally accepted in writing by the Division.
3. Within 14 days of receipt of this notice, Sierra Stone, Inc. shall submit a permit amendment/revision to the current Large Mining permit application, to include all areas currently disturbed outside the proposed large mine permit area.
4. Within 30 days of receipt of this notice, Sierra Stone, Inc. shall clearly mark the perimeter of the proposed permit area boundary with metal t-posts or other suitable markers.
5. Within 14 days of receipt of this notice, Sierra Stone shall clean up the fuel spill and dispose of the materials in an approved hazardous materials landfill. All fuel storage containers must be placed within secondary containment structures. The secondary

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Ernie Hale
M/003/049
July 3, 2002

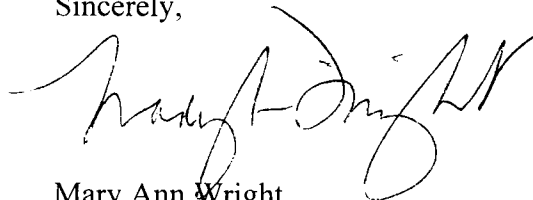
containment structures must have at least 110% of the storage capacity of the primary fuel container.

Consequences of Continued Non-Compliance

1. Sierra Stone, Inc.'s failure to comply with these mitigation requirements within the time frames specified in this Notice will result in the issuance of a formal Notice of Agency Action. The Notice of Agency Action may require you to appear at a formal hearing before the Board of Oil, Gas and Mining. Following public notice and hearing, the Board will issue an abatement or compliance Order which may require: permit revocation, suspension or termination of all mining operations, immediate reclamation of all mining-related disturbances, and/or other lawful requirements as authorized under the Act.

If you wish to contest this Notice of Non-Compliance, you may contact the Division to schedule an informal meeting before the Division's Associate Director. Please contact Vickie Southwick, Executive Secretary, at (801) 538-5304, within 10 days of your receipt of this notice, if you choose to arrange an informal meeting. If you have any questions regarding this Notice you may contact me at (801) 538-5306, Wayne Hedberg at (801) 538-5286, or Lynn Kunzler at (801) 538-5310.

Sincerely,



Mary Ann Wright,
Associate Director, Mining

jb
Attachments: Inspection Memo,
cc: Wayne Hedberg, DOGM
Vickie Southwick, DOGM
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Ernie Hale
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July 3, 2002

Supplemental Information – Notice of Non-Compliance

Sierra Stone, Inc.
Sierra Starlight Quarry
M/003/049

This quarry was first started in the late 1950's and has been quarried intermittently since then. Approximately 17 acres (quarry and dumps) have been disturbed historically at this site.

- 9/1/98 - Received SMO application from Diamondfield Quartzite, which was approved 9/21/98. The notice was for a five-acre operation within the historic disturbance. Operations did not begin until the 1999 field season.
- 2/11/00 - The 1999 annual report indicated that Gold Star Stone, of Oakley Idaho is a partner.
- 4/27/00 - Received transfer form to transfer operations to Ernie Hale. The Division accepted the transfer on 5/8/00.
- 3/7/2001 - The 2000 annual report indicated no activity for the year 2000, and that there was less than five acres of disturbance.
- 5/16/01 - Site inspected, less than five acres of disturbance.
- 6/28/01 - Phone call received from Ernie Hale. They are ready to start up this project. He was informed to mark the five-acre area with metal T-posts and DO NOT go beyond the marked five-acre area until a large mining notice is approved and a reclamation bond is in place. Mr. Hale requested that we send him a letter stating he does not need a bond for under five acres of disturbance, but will need one when he expands.
- 7/12/01 - Name of company changed from Diamondfield Quartzite to Sierra Stone, Inc.
- 3/8/02 - Received LMO application and additional \$250.00 permit fee to expand the small mining project to a large mining project. Changed mine name from American Stone #53/Briggs Quarry to Sierra Starlight Quarry. This project located on private land owned by Pickett Land & Sheep Co.
- 6/19/02 - Site inspected, found operations are not in compliance with rules or permit.



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June 26, 2002

TO: Minerals File

FROM: Lynn Kunzler, Senior Reclamation Specialist *LK*

RE: Site Inspection, Sierra Stone, Inc., Sierra Starlight Quarry, M/003/049, Box Elder County, Utah

Date of Inspection: June 19, 2002
Time of Inspection: 8:30 a.m.
Conditions: Partly cloudy, warm
Participants: Paul Baker and Lynn Kunzler, DOGM

Purpose of Inspection: To familiarize staff with site prior to finalizing LMO permit review and verify vegetation information provided in the notice.

Observations:

The gate on the main access road was locked. Access to the site was gained via a two-track road through a cattle driveway, which connected to the main access road about one mile above the gate. About two miles from the gate, it was noted that the road had recently been regraded. Apparently this was done when snow was on the road since soil materials were beyond the road berm, with no apparent tracks to where the soil materials were. It was estimated that the road disturbance was widened an average of 10 feet from this point to the quarry - a total distance of approximately 10,036 feet, (2.3 acres).

Approximately 3/4 mile from the quarry, we came upon new disturbance which was being used to store equipment (loader and haul truck) and palleted stone (70 pallets of stone were observed). The stone was tagged with 'Interstate Rock Products' tags. The area was surveyed with the GPS. New disturbance at this site is approximately 0.68 acres. This area is not identified on the permit area maps. Approximately halfway between this new area and the quarry, it was noted that the road had been re-aligned with a series of switchbacks. The new road construction averaged 36 feet wide for 1675 feet (1.38 acres). The old road has not been reclaimed. The road re-alignment is not identified in the current permit, or the proposed large mining notice.

Upon arrival at the quarry, it was noted that new disturbance has been created to the south of the quarry. This disturbance is outside the approved small mining permit area, but appears to be the beginning of a new road to access the quarry as identified in the proposed large mining notice. Several pallets of stone were observed in the quarry, each being tagged with the same 'Interstate Rock Products' tags that were observed on the new staging area. The operator has not marked the permit area for the small mining operations as previously requested. A GPS survey of the recent re-affected disturbances and

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Site Inspection
M/003/049
June 26, 2002

new disturbance areas at the quarry identified 6.59 acres are being used in the quarry area. Total acreage currently being used at this site is 10.95 acres.

Fuel storage containers observed on site did not have secondary containment structures. A 50 gallon barrel of what appeared to be diesel fuel was leaking from the spigot. NOTE: the submitted notice states that onsite fuel storage containers will have secondary containment of at least 110% of their capacity.

Vegetation observations made adjacent to the quarry indicate that there is approximately 80% ground cover. The reclamation success standard for this site would be 56% ground cover. Species observed included basin wildrye, quaking aspen, chokecherry, snowberry, mountain big sage, bluebells, phlox, bulbous bluegrass, and wild geranium.

Several photos were taken to document site conditions.

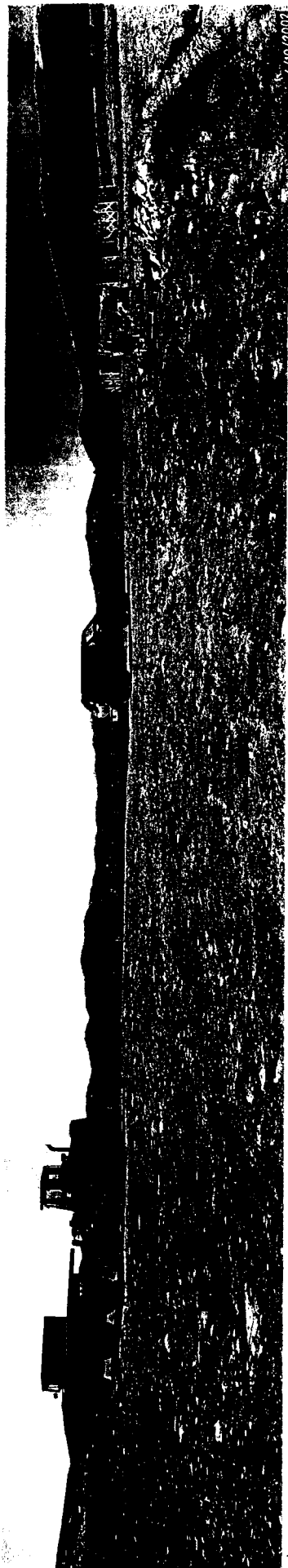
Conclusions:

This site has exceeded the five acre limit for small mining operations. While the operator has submitted a large mining notice, it has not yet been approved (currently under review by Division staff). The operator has not provided reclamation surety to the Division for this site. New disturbances observed are outside the current small mining permit, and are also outside the boundary identified on the large mining notice currently being reviewed. While the new disturbance to the south of the quarry appears to be for the new access road to the quarry, it is not being constructed on the location identified on the proposed maps (off by about 100 feet). The fuel storage at the site is not in accordance with the permit. This site is not being operated in compliance with the rules or the approved permit.

Recommendations:

The operator should be sent a Notice of Non-Compliance. The notice should identify operating outside the permit area; increasing the disturbed area beyond five acres without first obtaining Division approval; and not providing an acceptable form and amount of reclamation surety prior to expanding beyond five acres. Mitigation should require submission of a transitional surety, revising permit area maps to correctly identify areas of current disturbance (including the widening and re-alignment of the existing access road), and operations should be suspended until the transitional reclamation surety is approved by the Division. The operator should permanently mark the boundary of the proposed large mining operations.

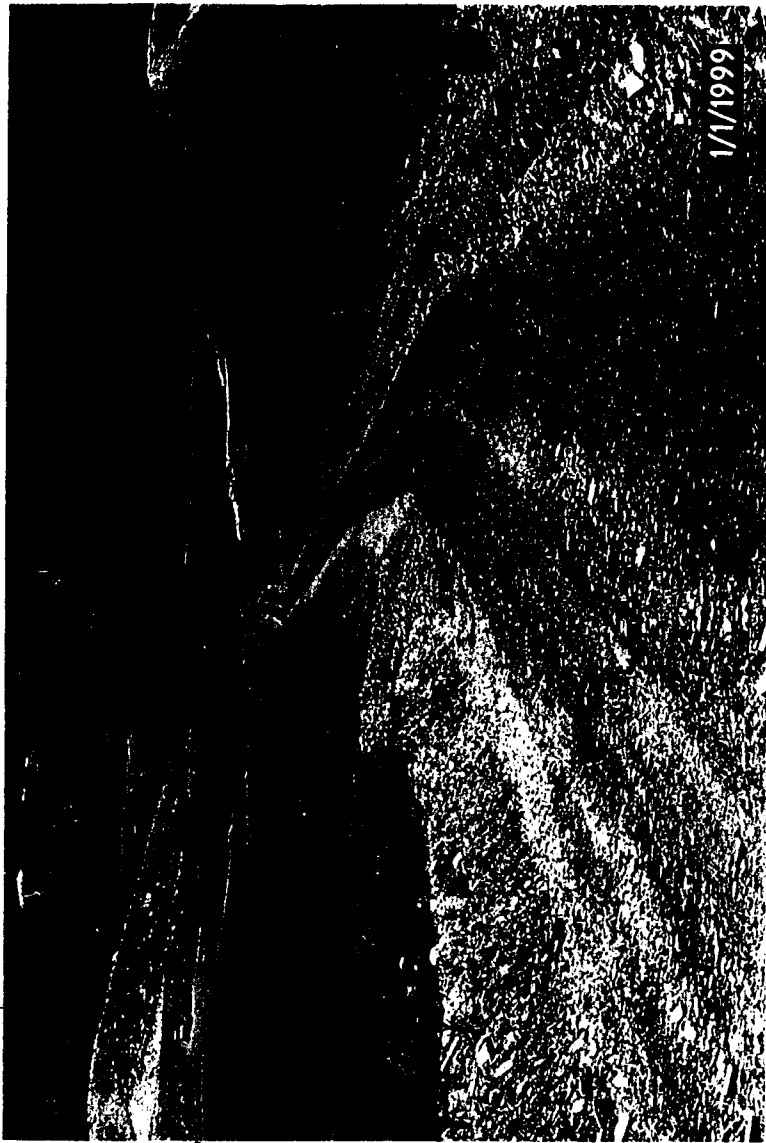
jb
cc: Ernie Hale, Sierra Stone
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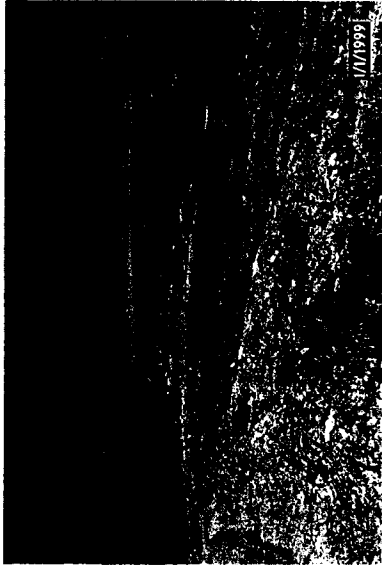
New road



Label on rock at new road and quarry

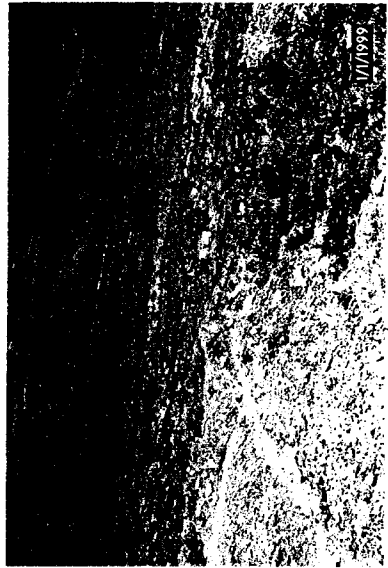


Widened access road



1/1/1999

widened roads - soil materials beyond road limits



6/19/2002

widened roads - soil materials beyond road limits



1/1/1999

widened access road



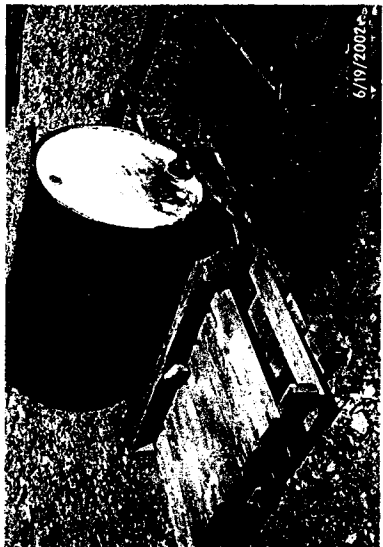
6/19/2002

widened access road



1/1/1999

recent disturbance



6/19/2002

leaking fuel storage



6/19/2002

Fuel Storage - 1100
fuel containment



6/19/2002

Fuel Storage - 1100
fuel containment



1/1/1999

new road (?) construct on